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New year rally sends PSX above 176,000

By Muhammad Kashif

KARACHI: After a brief dip at the end of CY25, the bulls on Thursday cheered the new year with a spectacular rally as a deceleration in Consumer Price Index-based inflation for December triggered renewed buying across the board.

Some positive developments, mainly the continuous easing of inflationary pressures, boosted investors' hopes for a fresh cut in the State Bank of Pakistan's policy rate, which surprised the market with a 50bps cut in its last review after keeping it steady since May 2025.

On Wednesday, Prime Minister Shehbaz Sharif launched the government's Economic Governance Reforms, claiming that Pakistan had moved beyond "economic firefighting" after two years of difficult decisions. He maintained that these efforts had restored macroeconomic stability.

Amid falling profit rates, investors have turned to equities, moving funds from banks for higher and quicker returns.

This shift has contributed to the PSX's bullish performance during the outgoing calendar year, pushing the index to a new high above 176,000 points.

In 2025, the KSE-100 index achieved a remarkable 51pc year-on-year return, making it the second-best frontier market in dollar terms.

The first-quarter GDP growth of 3.71pc, compared to 1.56pc last year, further boosted investor sentiment. Despite the slowdown from 6.1pc growth in the preceding quarter, the economy showed resilience despite fiscal tightening and flood shocks.

At the start of the new calendar year, the PSX witnessed renewed buying interest, pushing the index to an all-time high of 176,355.49, after adding 2,301.17 points, or 1.32pc. Topline Securities attributed this positivity to local institutional buying.

The top positive contributors to the index were United Bank, Oil and Gas Development Company, Engro Holdings, Habib Bank, Lucky Cement, and Bank Al-Habib, which together contributed 1,207 points.

Ali Najib, Deputy Head of Trading at Arif Habib Ltd, said the new year kicked off on a strong note, reflecting continued investor economic optimism.

He observed that the rally was primarily driven by buying from local institutions at the start of the calendar year, as fresh allocations to PSX, a preferred asset class since mid-2023, were made just after Pakistan entered the IMF programme.

Market participation surged, with trading volume increasing by 46.53pc to 1.4 billion shares, while the traded value rose by 9.48pc to Rs48.4bn.

Analysts believe the PSX's successful push beyond the psychological barriers of 175,000 and 176,000 points signals growing investor confidence in the market's outlook for the year ahead. Should a correction occur, 175,000 points is expected to serve as immediate support for the index.

PAKISTAN STOCK EXCHANGE

THE TOP FIVERS

GAINERS		LOSERS		LEADERS*	
PIA Holding CoB	1954.06	Unilever Foods	138.95	K-Electric	372.70
Pakistan Tobacco	57.08	Service Industries	27.53	PIBT	139.94
Hoechst Pakistan	54.86	Atlas Honda	19.81	The Bank of Punjab	55.41
PNSC	49.90	The Nat'l Silk&Ryn	15.54	Trust Securities	50.67
Abbott Lab	47.41	Baba Farid Sugar	14.46	LSE Capital Ltd	46.34

(Share values in rupees) * Volume in millions of traded shares

INDICATORS	Thursday	Previous	Change
KSE 100-SHARE INDEX (Points)	176,355.49	174,054.32	▲ 2,301.17
KSE 30-SHARE INDEX (Points)	54,010.33	53,302.93	▲ 707.4
MARKET CAPITAL (Rs billion)	19,968.415	19,689.887	▲ 278.528
TRADING VALUE (Rs billion)	48.424	44.230	▲ 4.193

ACTIVITY

Total listed	532
Active	485
Gainers	337
Losers	116

PARTICIPANTS

Foreign	▼$2.72m
Companies	▲$3.56m
Banks	▲$1.03m
Mutual Funds	▲$4.09m
Individuals	▼ $9.64m

Petroleum Division delays action over 'illegal' energy deal

By Kalbe Ali

ISLAMABAD: Six months after issuing show-cause notices to energy companies for alleged unauthorised changes in ownership and management control, the Petroleum Division has yet to take action, despite the strategic industry classification of the firms involved.

The parent companies of Spud Energy Limited and Frontier Holdings Limited offloaded their interests without formal approval from relevant authorities, a violation of national regulations.

The controversy began on March 6, 2025, when Phoenix Exploration sold its 73.3 per cent stake in Jura Energy to IDL Investments Limited, a firm registered in the British Virgin Islands.

On July 18, 2025, the Director General Petroleum Concession (DGPC), under the Ministry of Energy's Petroleum Division, issued a show-cause notice stating that the transaction was "neither disclosed nor approved prior to execution", as required under Pakistan's petroleum rules.

Under these rules, companies holding petroleum rights are obligated to disclose changes in shareholding, the issuance of new capital, board appointments, voting rights, and corporate structure.

The DGPC directed Spud Energy, Frontier Holdings, and Jura Energy to submit comprehensive documentation within 30 days. Required disclosures included detailed shareholding structures of IDL Investments, Phoenix Exploration, Jura Energy, PetExPro, Frontier Holdings, and Spud Energy, both before and after the transaction.

Regulators also requested details on new board appointments, shareholder voting patterns, transaction values, tax filings, and confirmation of whether capital gains or withholding taxes were paid in Pakistan.

The notice warned that failure to comply could result in punitive action, including the revocation of petroleum rights. The requirements are part of national security considerations used to evaluate companies operating in the country's oil and gas sector.

Both companies have admitted that the transaction took place without prior approval. However, the DGPC has not initiated enforcement action under Rule 69(d), which empowers the regulator to suspend or revoke licences in cases of unauthorised transfer of control or interest.

On Oct 16, 2025, the Islamabad High Court (IHC) issued a status quo directive in Writ Petition No. 4195/2025. The court restrained all parties from taking any action that could alter the existing shareholding or control structure of Frontier Holdings Limited and Spud Energy Pty Limited.

The Petroleum Division has not responded to inquiries regarding the delay in enforcing compliance with petroleum rules or ensuring adherence to the IHC directions.

SBP reserves rise $4.2bn in 2025

Gains slow in second half as pace of accumulation slows down

By Shahid Iqbal

KARACHI: The State Bank of Pakistan (SBP) increased its foreign exchange reserves by $4.2 billion during calendar year 2025, though the pace of accumulation slowed in the year's second half.

Official data show SBP's reserves stood at $11.7bn on Jan 3, 2025, rising to $15.915bn by the end of December — an increase of $4.2bn. However, reserves grew by only $1.4bn in the second half of the year, from $14.5bn on June 30 to $15.9bn at year-end.

While the overall increase has strengthened external buffers and supported the exchange rate, a significant portion of the reserves comprises loans from friendly countries.

The central bank aims to raise reserves beyond $18bn by the end of FY26, but the slower accumulation in recent months has raised concerns. Despite record remittance inflows providing space for dollar purchases from the interbank market, reserve growth remained modest.

During January-September 2025, the SBP purchased $4.2bn from the market, reflecting a lower level of buying compared to last year. Over the previous 16 months, the central bank had purchased $9.7bn, which helped rebuild reserves.

The higher reserves contributed to exchange rate stability, enabling the economy to remain relatively steady despite weak economic growth and rising poverty.

Analysts warn that the second half of FY26 (January-June) could prove challenging, with the country facing large loan rollovers, the need to curb the trade deficit, boost GDP growth and create jobs for millions of skilled and unskilled workers.

In its weekly statement, the SBP reported that its reserves rose by $13 million to $15.915bn in the week ended Dec 26, 2025.

Total liquid foreign reserves held by the country stood at $21.012bn, including $5.097bn with commercial banks.

Exchange Companies Association of Pakistan Chairman Malik Bostan said 2025 was relatively more stable than 2024, noting that the rupee remained firm against the US dollar. Since the IMF's earlier agreements, volatility in the dollar had been contained, he added.

Despite historically low investment levels, Mr Bostan said investor confidence had improved, though he cautioned that stagnant export growth remained a key concern.

Economists and analysts also point out that despite higher reserves and a stable exchange rate, the country has yet to attract sufficient domestic and foreign investment to revive economic activity and achieve higher growth.

Consumer inflation slows to 5.6pc in December

By Mubarak Zeb Khan

ISLAMABAD: Consumer inflation slightly eased to 5.6 per cent in December 2025 from 6.1pc in November due to a decline in perishable food products, official figures released by the Pakistan Bureau of Statistics (PBS) showed on Thursday.

The monthly inflation has been gradually slowing down for the past two consecutive months, which was largely attributed to a sharp decline in the prices of essential perishable food items.

On a month-on-month basis, inflation decreased by 0.4pc compared to the previous month.

The inflation during July-December was recorded at 5.15pc in 2025, the lowest compared to 7.22pc over the corresponding period of last year. This lower rate is also because of the high base effect of last year.

The average annual inflation for FY25 dropped sharply to 4.49pc from 23.41pc in the previous year, aided by a high base effect, declining food prices, and lower transport costs. Economists describe the current trend as disinflation — a slowdown in the pace of rising prices, not a general decrease as seen in deflation — though the cost of living remains high for many households.

Inflation had previously fallen into single digits in August 2024 — at 9.6pc — for the first time in over three years, continuing a declining trend until the recent rebound. The government has projected an inflation target of 7pc for the current fiscal year. Food inflation in December increased by 3.2pc in urban areas and 3.8pc in rural areas.

The month-on-month basis, the food inflation dropped 1.7pc in urban areas while it fell by 1.9pc in rural areas, respectively. The non-food inflation reached 7.5pc in urban areas and in rural regions it stood at 6.9pc. This marks that non-food inflation is still very high.

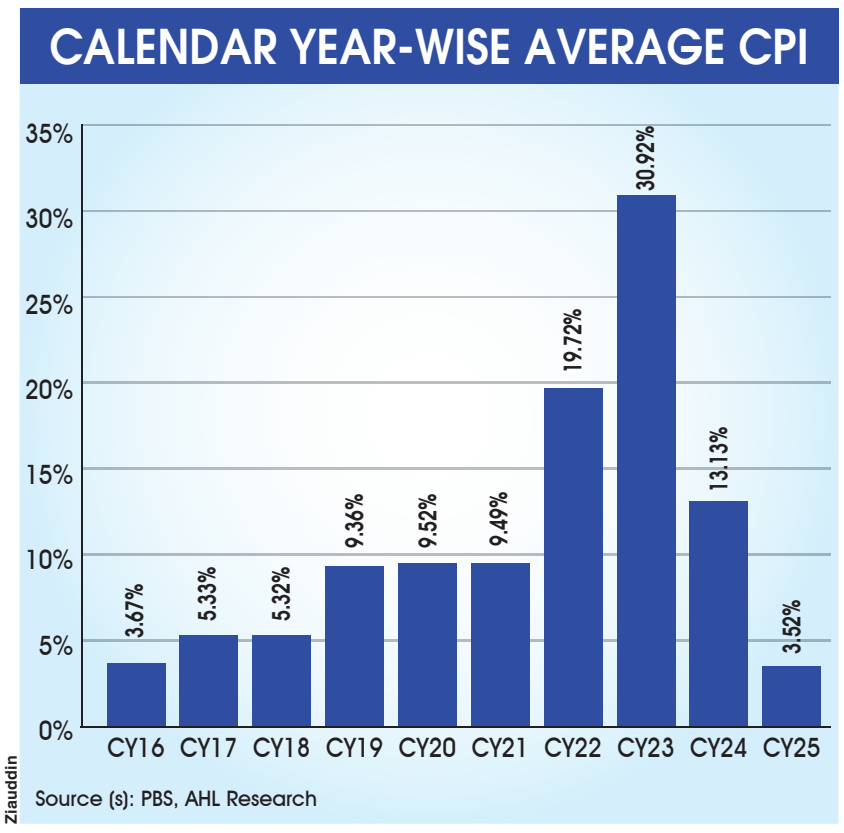
In December, core inflation — excluding volatile food and energy components — stood at 6.9pc in urban areas and 8.1pc in rural areas. The central bank has decreased the policy rate by 50 basis points to 10.5 percent effective from December 16,2025.

Urban food items that saw notable month-on-month price increases included fresh fruits (6.78pc), wheat (3.48pc), dry fruits (3.29pc), eggs (3.27pc), cooking oil (2.84pc), milk powder (2.03pc), wheat flour (2.01pc), vegetable ghee (1.92pc), fish (1.89pc), wheat products (1.53pc), beans (0.63pc) and condiments & spices (0.57pc).

Conversely, declines were noted in tomatoes (45.20pc), onions (32.99pc), fresh vegetables (21.30pc), potatoes (17.88pc), sugar (6.96pc), gram whole (3.07pc), gur (2.93pc), chicken (2.79pc), besan (2.65pc), pulse gram (2.40pc), pulse mash (1.17pc), mustard oil (0.81pc), pulse masoor (0.74pc), rice (0.21pc) and pulse moong (0.12pc).

Non-food categories also witnessed significant price hikes, including liquified hydrocarbons (16.37pc), personal effects (3.77pc), solid fuel (2.76pc), woolen ready-made garments (2.44pc), marriage hall charges (1.96pc), mechanical services (1.92pc), household servant (0.97pc), transport services (0.96pc), education (0.84pc) and electricity charges (0.53pc).

On the contrary, motor fuel declined (0.66pc) and washing soap/detergents/match box (0.54pc).



ADB to help attract transport investments

By Amin Ahmed

ISLAMABAD: Pakistan will benefit from a technical assistance approved by the Asian Development Bank (ADB) that will support member countries in systematically shaping future sustainable transport investments.

It will be carried out through upstream diagnostic assessments, strengthened infrastructure governance, and exploration of advanced technical solutions and financing strategies, including private sector participation.

The ADB assistance will enhance technical and institutional capacity and promote climate-resilient transport systems, digital transformation, low-carbon and circular economy solutions, road safety, and inclusive growth.

A report of ADB says from 2020 to 2035, annual transport investment requirements are estimated at $2.9 trillion, including $2tr for new construction, $0.7tr for maintenance, and $0.2tr for climate-proofing. Despite ADB's sovereign transport lending of $14.6bn during 2020-24, transport infrastructure financing levels remain well below what is needed to meet demand and support Sustainable Development Goals (SDGs).

The growing demand for transport infrastructure investment is placing increasing pressure on the sustainability of construction materials. Road construction alone consumes 30 to 40 per cent of global demand for construction materials, with Asia's demand rising by 64pc over the past decade, significantly outpacing the global average increase of 17pc.

To reduce environmental impacts and improve long-term sustainability, the destination management companies should adopt climate-smart and circular economy approaches, including the use of low-carbon and recycled materials, reuse of construction and other waste, longer asset lifespans, and innovative construction methods.

The technical assistance will also expand the application of the ADB Green Roads Toolkit to additional developing member countries, building on ongoing support in other developing member countries.

Quality transport infrastructure plays a critical role in supporting economic growth, regional integration, and inclusive development across ADB's developing member countries. However, member countries face a persistent and widening infrastructure gap, driven by rapid urbanisation, expanding economic activity, aging transport infrastructure, and increasing climate and disaster resilience needs.

To reduce environmental impacts and improve long-term sustainability, ADB member countries should adopt climate-smart and circular economy approaches, including the use of low-carbon and recycled materials, reuse of construction and other waste, longer asset lifespans, and innovative construction methods.

Traders question inflation figures despite relief

• Vegetable price slump offsets costlier staples • Tomato glut eases prices, hurts growers • Flour, milk and meat rates climb

By Aamir Shafaat Khan

KARACHI: Traders appear dissatisfied with the official inflation numbers, despite the fact that prices of many items have declined compared to rising trend in other items.

Consumers have found some relief in vegetable prices, with tomatoes leading the decline. Tomato prices have dropped to as low as Rs30 per kg in various cities, although this relief for consumers has hit growers hard.

In Karachi, several pushcart vendors are seen offering 2.5kg to 3kg tomatoes for Rs100, owing to heavy arrivals from producing areas.

According to the Sensitive Price Index (SPI) for the last week of December 2025, the national average price of tomatoes ranged between Rs30 and Rs130 per kg across different cities.

Consumers are also benefiting from improved onion supplies from producing areas, thus dropping the national average price to Rs60-140 per kg from Rs110-180 per kg in the first week of January 2025.

The national average price of new potatoes has also plunged to Rs30-100 per kg, compared to Rs80-150 per kg a year ago, in various cities.

During October 2025, in contrast, consumers had paid Rs600-700 per kg for tomatoes in various parts of the country, while onion prices had reached Rs220 per kg.

Pulses prices have largely remained stable. The national average price of gram pulse decreased to Rs220-350 per kg from Rs330-450 per kg over the past year.

The average prices of moong, masoor and mash stood at Rs340-470, Rs240-330 and Rs360-530 per kg, respectively, compared to Rs350-470, Rs260-370 and Rs440-590 per kg in the first week of January 2025.

Fresh milk prices in the country edged up to Rs170-260 per litre from Rs150-240 a year back.

The price of a 20kg wheat flour bag jumped to Rs1,810-2,650 from Rs1,580-2,200 after an increase in wheat rates whose 10kg bag price soared to Rs1,052 from Rs806 over the past year. The average price of fine flour rose to Rs132 per kg from Rs111.

The national average price of 1kg ghee pouch, 2.5kg ghee pack and five-litre cooking oil also increased to Rs560-590, Rs1,400-1,588 and Rs2,850-3,110, respectively, from Rs545-585, Rs1,370-1,500 and Rs2,695-2,945 a year earlier.

The price of beef with bones and mutton (average quality), which were Rs700-1,300 and Rs1,550-2,400 a year ago, has soared to Rs900-1,450 and Rs1,700-2,550 per kg, respectively.

Prices of Basmati broken rice have slightly surged to Rs140-300 per kg from Rs130-280, while prices of Irri 6/9 rice in Sindh and Punjab remained unchanged at Rs110-200 per kg during the last one year.

Zaid Bin Haris at Sherman Securities said the food index rose 3.2pcYoY, due to increase in prices of wheat (up 20.8pcYoY), chicken (up 16.11pcYoY) and meat (up 13.56pcYoY).

Mr Haris attributed the rise in wheat prices to higher retail rates, prices, supported by a new government wheat policy raising its minimum support price (MSP) to assist flood-affected farmers. He added that chicken and meat prices increased YoY due to higher feed costs and weak enforcement of price controls, keeping market prices above official rates.

'Highly disappointing year'

Separately, All Karachi Tajir Itehad Chairman Atiq Mir termed 2025 as a "highly disappointing year" in which trading and business activities shrank by 60pc, alongside rising food prices, unemployment and declining business confidence and investment.

In a statement, he further said no new industrial units were set up during the year, which led to increased capital flight amid an uncertain business environment.

While painting a bleak outlook for 2026, Mr Mir said the government appeared non-serious in providing a business-friendly environment, citing rising prices of power, gas, LPG, petrol and diesel, along with a number of taxes and duties.

US DOLLAR	BUYING Rs280.49 SELLING Rs281.15	EURO	BUYING Rs328.65 SELLING Rs331.70
GBP	BUYING Rs376.99 SELLING Rs380.51	UAE DIRHAM	BUYING Rs76.48 SELLING Rs77.20
KSA RIYAL	BUYING Rs74.75 SELLING Rs75.32	GOLD	TOLA Rs454,562 10 GMS Rs389,713